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IMPERIAL DEFENCE COLLEGE

(1947 COURSE)

P R O B L E M No. 9 SYNDICATE III

I N D I A

1. On the 3rd June, 1947, His Majesty's Government and the Viceroy announced the proposals whereby the responsibility for rule in India should be transferred to the Indian peoples by June, 1948. These proposals are set out in the attached Government White Paper - Cmd. 7136.

2. During the interim period between the present day and June, 1948, India may decide to unite in an All-India Federation and remain within the Empire as a self-governing Dominion, or she may adopt complete independence.

3. She may on the other hand decide to remain divided into two or more separate States, or Federations of States, certain of which may express a desire to retain their link with the Commonwealth through adherence to their allegiance to the Crown, or to retain association with the Commonwealth by treaty arrangements.

4. As far as the India States are concerned the policy of His Majesty's Government is laid down in the attached White Papers (Cmd.7136, paragraph 18 and Cmd. 6821, paragraph 14.) The Chamber of Princes have, however, agreed that any State wishing to join either the present interim Government, or any other Governments which may be formed, may do so; eight States, namely Udiapur, Baroda, Cochin, Jaipur, Jodhpur, Cooch Behar, Rewa and Patiala have already agreed to join the existing provisional Government of Hindustan.

REQUIREMENT.

Consider the political, economic, social and military implications on India, the Commonwealth and the World of the various solutions set out above.

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THE FUTURE OF INDIA

Introduction

1. In considering the implications of an India, Federated or Partitioned, within or without the Commonwealth, we have found that the political, economic, social and military aspects are inextricably interwoven. Nevertheless it has been found more convenient to carry out our survey under these four headings since to examine the problems of India under the various hypotheses by which she might adopt independence would entail a great deal of repetition or cross referencing.

Historical Considerations

2. To obtain a clear picture of India's problems it is first necessary to consider certain salient features in Indian history which influence the present position.

3. The history of India can almost be written in terms of a series of invasions, extending from the obscurity of prehistoric times to the last and well known invasion of the British. The most important invasion from the point of view of the present Indian problems was that of the Muslims in the eighth century which began a new era in Indian history. In the 16th century Babur created the dynasty of Moslem monarchs who for two centuries maintained the famous Mogul Empire - the rulers of which were Emperors of India.

4. Up to this time India had been a multiplicity of independent and warring kingdoms, but now, although the time was far off when the Indian peoples might identify themselves with a single motherland, to the outer world India was to all intents a single political unit. Although the unity of India under the Moguls was very far from perfect there was more of it than there had ever been since the distant days of the great Hindu Empires. The Mogul age was probably the greatest age that India has known in modern history But its boons were bought at a price for it was in the Mogul period that northern India was finally submerged in the tide of Moslem conquest; and it was the greatness of the Mogul Emperors that planted in the minds of Indian Moslems the conviction that whilst they now belonged to India, India now belonged to them.

5. With the break-up of the Mogul Empire India drifted into chaos. Such political unity as she had possessed dissolved in a scramble for territory and power on the part of heads of old tribal and caste communities, ambitious upstarts and soldiers of fortune. Everywhere might was right and the only folk who had nothing to gain and everything to lose were the great mass of the Indian people

6. The British expansion in India was largely forced by circumstances and was not designed for territorial aggrandisement. In the chaos and anarchy which followed the break-up of the Mogul Empire, and at a time when the French were trying to defeat Britain throughout the world, unless the British were prepared to evacuate India and leave it to be occupied by another great power the scope of their authority was bound to expand. Two systems of government so different in their standards and methods, as were the British and Indian in those days, could not continue side by side for very long. Sooner or later one had to take control and British rule in India became inevitable.

7. But it was by no means the rule of the conqueror. It strove more to fulfil the role Pitt assigned to it in 1784 - "to confirm and enlarge the advantages derived by this country from its connection with India and to render that connection a blessing to the native Indians." And on the whole the record of that rule

./is one

is one of which the British people have every right to be proud.

8. Although the connection has indisputably proved of value to Britain, it has also bestowed many benefits on India. It has safeguarded India as never before from recurrent attacks from without and from the internal anarchy and wars such as prevailed before British rule; it has given her a large measure of political and economic unity and has brought the economic life of India out of its mediæval isolation into the network of world economy; and it has been the rule of law and protected the rights of individuals and communities more fully and impartially than any previous regime. On the debit side of the account, however, stand all the disadvantages inherent in the one hard fact that British rule has been foreign rule.

9. The intensification of Nationalist feeling has now overshadowed the benefits India has derived from British rule. The greatest gifts - external security and internal unity - are apt to be forgotten or under-estimated as the conditions of Indian life before the British took control fade from living memory. But it is not so much forgetfulness of what Britain has given to India, which influences Indian outlook as a new awareness of what she has not given. India has become ~~impatient of~~ the notion of training for self-government. British rule now seems the only obstacle to its early attainment, and resentment against the British is primarily coloured by this one cardinal fact.

Factors affecting Indian Problems

10. When examining the broad implications of a united or divided India, account must be taken of certain basic factors which in the political, economic, social and military spheres profoundly affect these implications. In very general terms they are:-

(a) Geographically India is an island. Apart from a few natural passes through the mountainous barriers which form her land frontiers, India has no land communications of any sort with neighbouring countries.

(b) Diversity of Race The peoples of India differ widely. They are just as varied as the races and nations of Europe. Under no circumstances can the inhabitants of India ever be regarded as one nation.

(c) Population and state of advancement The peoples of India are very numerous and account for about a sixth of the world's total population. Their standard of living is low and the vast majority are existing not a great deal above starvation level. India, taken as a whole, lives almost entirely by agriculture.

(d) Political development Indian political development is immature. Domestic government is a novelty to a people only 12% literate, and who have for centuries lived under one kind or another of authoritarian system. Whilst the systems of Government envisaged by the Congress Party and Muslim League are based broadley on popular vote they are still essentially one party Governments with no alternatives, and very largely dictated by caste and religion. They cannot therefore at present be compared with more advanced Western democratic systems.

(e) Religion Like Hinduism, Islam is more than a system of religious worship; it is a rule of life laid down by sacred law. But no two philosophies of thought and conduct could be more discordant, and except that at the heart of each lies a sombre fatalism, they do not

/make contact

make contact at one single point. This cleavage between the older Hindu civilization and the less old Muslim civilization affects all aspects of India's life. Whilst these differences may one day become reconciled between highly educated Indians they are not infrequently used as a means of promoting strife between the two communities, and indeed, provide the greatest obstacle to a united India.

POLITICAL IMPLICATIONS

The Problem

11. When examining the political implications on India, the Commonwealth, and the rest of the world of the alternatives set before us, it has become apparent that they can be considered most conveniently under two main headings. These are a United India and a Divided India. Following on from these main headings we discuss the various alternatives which they embrace, namely a United India within the Commonwealth and outside it, and a Divided India all within, some within, or all outside the Commonwealth. As it appears that the most likely step in the near future will be a divided India with some parts remaining in the Commonwealth we have considered this alternative more fully than the others.

The State of Affairs

12. It is probable that during the present year India will divide into two or more parts. The largest and most important part will be known as Hindustan and will be governed by the Congress Party. It consists of the main part of central and southern India together with parts of the Punjab, Bengal and Assam having a total population in the neighbourhood of 220 million. The next most important part is Pakistan with a total population of about 70 millions which is situated in the North West and North East parts of India, and which will be governed by the Muslim League. We believe that the vital N.W. frontier province will now become part of Pakistan. Finally the future of the Indian states has yet to be decided. Mysore and a number of the smaller states in central India have decided to join Hindustan - it is possible Kashmir will join Pakistan, whilst Hyderabad and Travancore have formally announced their independence as sovereign states on the formal lapse of paramountcy.

United India within or outside the Commonwealth

13. Although all parties are agreed on the ideal of a United India it is not surprising that at this stage agreement on the future constitution and balance of power between the main parties and states of a United India has not been possible. Nevertheless it may be that with the passage of time, and a realisation of the mutual advantages to be gained this will eventually come to pass - at least in a loose form of federation. Nevertheless conditions will have to get considerably worse than they are now, before the overriding advantages of a United India are brought home to the great masses of the people of India who are as yet ignorant of the probable effects of partition. Were a United India to be possible now, it seems likely on political grounds alone that they would elect to sever formal ties with the Commonwealth. On the other hand were India to become united in the more distant future it is by no means improbable that the solid advantages of remaining within the Commonwealth would cause her to decide to remain loosely within the framework of the British Commonwealth of Nations.

14. The implications on India of a United India are briefly as follows.

15. Administration - A United India should make for administrative efficiency with the consequential benefits to all Indians. A common

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law for all people should make for an even handed justice and contentment among her people. Schemes for the industrial and agricultural development of the resources of India would be easier to bring about in a United than a divided India, and consequently the chances of an improved standard of living would be better.

16. Political Development - All Indian political ideas, customs and practices, would develop along the same general lines, and therefore the chances of political education and advancement of all Indians should be good. Tolerance and a realisation of the necessity for compromise would have to be practised, and truly democratic forms of government should at least have a fair chance of survival.

17. External Relations - A United India would carry considerable weight in the United Nations Organisation. Furthermore a United India should be strong politically, and therefore command the respect of Russia, China, America and the British Commonwealth. Her relations with the outside world in general would also be simplified.

18. Commonwealth Relations - Should a United India decide to remain within the Commonwealth it is to her advantage to do so. She would automatically count on the support of one of the most powerful combinations of the world in any external dispute.

19. Pan Asiatic Movements - A United India would by reason of her political strength, her numbers and her wealth exercise a commanding influence in any Pan Asiatic movement. A United India might hope to become a centre of enlightenment and learning for all Asiatic people, and in the very distant future hold a position of supreme importance in the councils of all nations in the world.

20. Welfare of Overseas Indians - There are considerable numbers of Indians resident in Africa and elsewhere who could look with confidence to a United India to look after their interests. If however a United India was outside the Commonwealth, they would be in a less favourable position to look after the interests of their nationals resident overseas.

21. Indian States - In a United India we believe that the states would transfer their allegiance to the Central Government and that their rulers would become more akin to constitutional monarchs in the western sense than they are at present. In almost every state this will mean that radical constitutional changes will have to be made.

22. Effect on Commonwealth and the World - The Commonwealth and the world have everything to gain by a United India provided it is truly united and not in a state of incipient civil war, and provided always that its government follows a democratic pattern. The advantages to the Commonwealth of India remaining inside it are obvious. She adds to the collective strength of the Commonwealth in that she provides a source of manpower and improves its economic self sufficiency. With her growing industrial development she may in the course of time reduce the strategic vulnerability of the Commonwealth by reason of the fact that at present over 70% of the Empire's industrial and manufacturing resources are in the United Kingdom. A stable, and United India would indirectly help - if only by her example - the Chinese to bring order out of the chaos in China. Nevertheless it must not be overlooked that there are certain disadvantages to the Commonwealth of having one Asiatic member, for instance she might press for equal immigration rights to say Australia as other white members of the Commonwealth.

23. The effect of the secession of India from the Commonwealth must affect adversely other Empires such as the French which contains large numbers of Asiatic peoples.

/India Divided

India Divided

24. From the most recent utterances of her political leaders, it appears likely that Hindustan will become an independent Sovereign republic with a socialist complexion to her government. Pakistan has announced her intention of remaining within the Commonwealth and will presumably become a republic of rather a more conservative complexion than Hindustan. The India states of Hyderabad, Travancore and possibly others have announced their intention of becoming Sovereign independent states. Their right of choice is however contested by Congress Party who consider that states should not control their foreign relations. It is not known whether these states intend to remain associated with the Commonwealth. The political implications on India of a divided India are as follows.

25. Internal Stability - On the whole with political passions at their present pitch it is likely that there would now be rather less unrest in the case of a divided India than a united India. Whether this will be true in the long run cannot be forecast, when it is realised that in both Hindustan and Pakistan there will be formidable minorities. For instance, there are over 20 million Muslims who will now come under Congress or native state rule. Nevertheless in justice to the Congress Party it must be observed that they claim with some reason to represent all religious demoninations in India. Moreover, whatever boundaries are decided in the Punjab and Bengal it is clear considerable numbers of Sikhs and Hindus will come under Pakistan rule. Similarly, if absolute independence is conceded to certain native states we foresee disputes and causes of friction arising between them and Hindustan and Pakistan which would be difficult to resolve without any form of central adjudicating body. We therefore see in the future with a divided India many causes of friction and antagonisms. Religious disputes, differences in standards of education between Hindus and Muslims, differences in levels of living and economic advancement are only some of the more important ones which can be quoted.

26. Pan Islamic Movement - It is likely that an independent Pakistan would exert considerable influence on the Arab League. It is a dream of the most ardent advocates of Islamism that all Mohammedans should unite. Were this ever to come to pass we might expect this unity to stretch from Algeria and Morocco in the West through Egypt and Arabia in the Middle East through Persia, Pakistan and to Malaya and Indonesia in the Far East. It is undesirable that a divided India with an independent Pakistan would be welcomed by the majority of Muslims in the world.

27. Political Strength - The political strength of a divided India would be very much lessened. She would not necessarily be able to speak with one voice in the councils of the United Nations on matters affecting her. She would be vulnerable to outside influences and could not be expected to have the same military and industrial strength upon which in large measure her political strength rests.

28. Administration - The fact that India is a single geographical unit and has been united for over 150 years means that any form of division - however carefully worked out - will make for administrative inefficiency. Furthermore, not only must the administration of a divided India be more uneconomical but the means of coping with the ever present threat of a famine will be much handicapped. The all important problem of communications will inevitably be much complicated in a divided India.

29. Standard of Life - By reason of the foregoing and because of the difficulties of co-ordinating economic plans and development schemes the rate of improvement in the standard of life will be slowed down.

/30. Minorities

30. Minorities - Minorities such as the depressed classes, Sikhs, Anglo-Indians, Christians, Parsees and other small minorities will receive a different standard of treatment in Hindustan to Pakistan, and therefore we may expect migrations to take place inside India with resultant disturbing effect on the political and economic lives of the two main states.

31. Armed Forces - Any division must radically weaken the strength of the armed forces of India. It will take many years for either state to build up armed forces of reasonable efficiency and strength on the basis of a Hindustan or Pakistan Army. As the threat of external aggression is likely to fall first in Pakistan this suggests that it will be incumbent in her to maintain rather larger armed forces than her economy can conveniently carry.

32. Internal Progress - The comparative lack of education of the Muslim population as compared with the Hindu population will tend to become accentuated with the result that unless most energetic steps are taken Pakistan will lag behind Hindustan in regard to political, social and industrial progress. Against this it is however pertinent to observe that Mr. Jinnah realises this, and has announced his intention of remedying this state of affairs by employing Europeans on generous terms as advisers and in key executive positions.

33. Language - Finally, a divided India will add to language difficulties. In the ~~past~~ one language was universal for law, business transactions, etc., in India with the resultant simplification of its application and economic life. Now it is possible there will be two different official languages.

34. Commonwealth Relations - A divided India would carry less weight in the counsels of the Commonwealth than a United India. Nevertheless should all parts of a divided India decide to remain within the Commonwealth they might expect support from external aggression or economic pressure. If on the other hand all parts of India decide to sever their connections with the Commonwealth they would be open to pressure from external sources which they would find it hard to resist. Furthermore, not being in any sense self-sufficient economically, they would be in a less strong position in obtaining equitable agreements.

35. Our third and most likely alternative is for Pakistan to remain within the Commonwealth and Hindustan to sever her relations with the Commonwealth. Pakistan has everything to gain from this arrangement. Her frontiers on the North-West and North-East are then morally guaranteed and she can expect assistance from the resources of the Commonwealth to further her development. Hindustan by severing her connection with the Commonwealth would tend in some respects to become politically isolated and would inevitably be at some disadvantage when bargaining with Pakistan who would in all probability have the support of the British Commonwealth. On the other hand Hindustan might find it possible to conclude bilateral treaties with Russia or even America with the result that she could count on their support in disputes with Pakistan who would naturally look primarily to the Commonwealth to support her views. It is also possible that Hindustan would wish to conclude a bilateral treaty with the British Commonwealth which again would still further complicate our relations with India.

36. Indian States - The position of the States in India will be more difficult in a divided than a united India. Those States which opt to join Hindustan or Pakistan will however be in much the same position as if India was united. On the other hand the demand of such states as Hyderabad and Travancore to become independent will inevitably cause friction with Hindustan. In this connection Travancore has expressed a wish to be associated with Pakistan. Politically and for that matter economically and strategically, they cannot stand alone, and unless they conclude binding treaties

/with

with Hindustan which must in fact amount to federation with them, the prospect of conflict sooner or later appears inevitable. Hindustan leaders have made their attitude abundantly clear about the states from which it seems that whatever their future, trouble lies ahead in forcing their rulers to become constitutional monarchs. In this connection it must be observed that the United Kingdom Government do not recognise the right of states to become completely independent.

37. Effect of a divided India in the Commonwealth - The effect of a divided India on the world and the Commonwealth would not be satisfactory. It might well become an area of warring communities which - however much they dislike it - the United Nations would be forced to settle. If this were so it might well fall to the lot of the Commonwealth to send some armed forces to India to help restore order.

38. Furthermore, our communications with the Dominions, with Burma and the Far East would be in jeopardy. The corporate strength of the Commonwealth would be reduced and therefore her influence on political affairs of the world lessened.

39. A divided India standing alone would invite aggression from Russia and moreover it must not be overlooked that India must play an important part in the security of the Middle East. Vital interests of America and the British Commonwealth are thus threatened.

40. In the case of Pakistan remaining within the Commonwealth and Hindustan outside it, it is difficult to imagine a position more fraught with political perils. The analogy of Ireland is in some respects similar. We should find it exceedingly hard to avoid becoming embroiled in disputes between Pakistan and Hindustan and furthermore we should inevitably have to make substantial contributions towards the defence of Pakistan from aggression from the North-West. On the other hand if Pakistan also joined the Arab League or initiated some Pan Islamic movement we might expect some support from this vital quarter in disputes affecting our interests.

Conclusions

41. To sum up briefly the political implications of a united or divided India are as follows:-

(a) It is to India's and the world's advantage that she remain united.

(b) It is also to her's and the Commonwealth's advantage to remain inside the British Commonwealth of Nations.

(c) A divided India would influence the world less than a united one. She could not expect to lead any Pan-Asiatic movements if divided, but might influence Panislamism.

(d) An India partitioned flies in the face of the world's present political ideals which aims at the eventual surrender of sovereignty and the forming of large blocs which will eventually coalesce into a world State.

(e) In the long run an India divided is a source of weakness to the world and may bring about the conditions which would lead to another world war.

(f) It is to India's and the world's advantage that even if divided she remains within the Commonwealth.

(g) A divided India wholly inside the Commonwealth might prove a mixed blessing to the Commonwealth, but if only partly a member would be a definite embarrassment.

/The Economic Aspect

THE ECONOMIC ASPECT

Introduction

42. To assess the economic future of India it is necessary briefly to review her present position as a unified country within the Empire and the requirements for her greater economic development.

43. Unity under British rule has conferred the following benefits on Indian economy:

(a) India has economic unity and has been brought into the world economy.

(b) The unity of this natural economic union has constituted one of the greatest free trade areas of the world.

(c) Unity has given a century of security and stability and has saved India from the economic nationalism which inflamed and impoverished Europe before 1939.

(d) The U.K. and the Empire have provided protection and assistance under which India's economy and international trade have developed.

44. Against these benefits must be weighed the danger of an economically subordinate Muslim minority which has grown up under British rule due to the more rapid progress of the Hindus and their consequent monopoly of the higher positions in administration, commerce and industry.

45. One of the big difficulties in raising the general standard of living is the annual increase of her population by something like 5 million. To a country which is already economically backward the maintenance of these additional people has more than absorbed any increase in economic capacity which India has managed to build up.

46. The grandiose "Bombay Plan" which was designed by a group of Indian industrialists in 1944, and which, because of its vast cost, (£7,500 millions sterling, spread over a period of 15 years) and its greater emphasis on industry than agriculture, is not accepted in all quarters, does provide a comprehensive plan to raise the standard of living of the Indian people, and may therefore be taken as a guide to India's future economic requirements. The plan is on an all-India basis and takes into account the resources of the whole country. The Bombay plan claims that it has the modest aim of securing a general standard of living which would leave a reasonable margin over the minimum requirements of human life. Equitable distribution of wealth compatible with the standards of living of the various classes of society is being provided for in all planning in this respect. It aims at doubling the per capita income which is now about Rs.62 per head to Rs.135 per year by trebling total national income over a period of 15 years.

47. 45% of the £7,500 millions is to be spent on the promotion of industry, 12½% on agriculture and the balance on communications, education, health, housing, etc.

Agriculture

48. Agriculture accounts for nearly 90% of India's population which lives in villages and small towns. By reason of the poverty of the small farmer, and the overwhelming majority of the farmers of India are small, this 90% of the population varies only from poor to very poor. Their ability to purchase manufactured goods is limited to a little cloth, a hurricane lantern, a cheap umbrella and little else. Until the life of the average farmer is made more prosperous than it now is, the ability of India's rural millions to absorb India's manufactured goods cannot possibly increase. In other words the internal market for any largely increased

/industrialisation

industrialisation of India has to be found in the larger towns and cities. Rapid and intensive industrialisation to be profitable must be co-ordinated with equally rapid improvement in the returns obtainable from agricultural.

49. In short, there is no use putting on the modern garment of high-pressure industrialisation alone, over the threadbare shirt of hopelessly backward Indian agriculture. If India's economy is to progress, the basic need for India is to lift the cultivator to some degree of prosperity. It is a great deal easier to step-up factory production than to step-up food production.

50. The reasons for the poverty of the majority of the farmers in India are, fragmentation of land, non-use of fertiliser, and paucity of irrigation.

51. Projected irrigation schemes if completed will add 25 million acres of irrigation to India's existing 70 million acres. Today the largest irrigation systems are in operation along the River Indus, which is in Pakistan Area. The scheme for development of irrigation in Bengal as a whole - which includes both Pakistan and Hindustan, will it is estimated provide all the water that is required for agriculture in that province. There are in hand today, some 36 major irrigation projects throughout India, which, under normal circumstances, would have been completed in the near future.

52. These schemes, however, were designed on the basis of a United India and are not confined to any particular States or Provinces. Partition of India and the ~~delineation~~ of new boundaries are going to produce a mass of problems, any one of which can arouse racial animosities.

53. If India is to increase her agricultural output, and this she must do if she is to feed her ever-growing population, early agreement between the divisions is essential. Agreement in itself will not, however, be enough if the full benefit is to be reaped. A very close co-operation is called for and it is doubtful if this will be forthcoming in the early stages of the new conception of nationhood. Indeed, on her agricultural policy alone, India may have to face calamity before being finally forced into unity.

Food

54. India is not at present self-supporting in her food supply. Her annual requirements exceed her own production of some 130 million tons and the excess is only partially met by her imports of grain and rice.

55. Measures are in hand to step up grain production, particularly in the deltaic plains. But once again these measures were designed on the basis of a United India, and the food problem was entrusted to the Food Advisory Committee of the Central Legislature.

56. Despite all that has been done to alleviate the position famine still occurs in bad seasons and millions die from starvation as they did in Bengal in 1942 when only poor crops were harvested, food supplies were further reduced by floods and typhoons, and the important rice production of Burma was cut off.

57. With food control by the Food Advisory Committee and the development of provincial famine planning, although bad famines have become relatively rare, they still remain as a potential threa

58. N.W. Pakistan with the rich food growing area of the Punjab and extensive irrigation from the Indus, will produce more food than it needs, but Bengal is not so favourably situated until the completion of the irrigation schemes now under development in that area make her self-sufficient.

/59. Hindustan

59. Hindustan being non-self-supporting in food will be less favourably placed, relying as she does at present, on obtaining the bulk of her food deficiency from areas within Pakistan.

60. The ever present threat of famine is one of India's greatest economic problems, and one which partition will only serve to intensify. Should communal animosities persist and prevent co-operation, India is likely to be faced with the worst calamity she has ever known. It is essential to her very life that such matters as local food shortages and agricultural development are centralised and capable of rapid and efficient organisation. That this is realised by the leaders must be accepted but it remains to be seen not only whether they are prepared to sink their political differences for the common good of India, but whether such unified measures on which they can reach agreement will in fact be carried out.

61. Certain it is that unity on these subjects is essential if India is to survive and that it must come. But only the future will show how quickly it can be achieved and what will be the price to be paid by the Indian masses.

62. It may be that it will prove the touchstone which will bring Indian unity into being.

Raw Materials

63. Of the 26 million tons of coal which is produced annually the Indian railways consume 10 million tons. Total production must therefore be expanded greatly, or alternatively hydro-electric power must be provided to permit any large industrial expansion to take place.

64. The main deposits of coal and iron ore are located in Hindustan where India's industry, almost without exception, is also located. Pakistan has at present the advantage in regard to hydro-electric power, which diminishes her dependence on coal as fuel for industry in her area. Power projects to add 4 million K.W. of hydro-electric energy to the existing half million are under active consideration by the Government of India.

65. N.E. Pakistan grows jute in excess of her requirements for all purposes and maintains a flourishing export trade in this commodity.

66. From our knowledge of the known resources of raw materials India does not appear at present to be particularly favourably placed in regard to minerals. This position may be altered when more is known as a result of the Geological and Physico Chemical Survey of India which has been going on for many years and is now to be greatly intensified.

67. Except in the case of jute, flax, cotton, coal and iron ore of variable quality, India has not at present sufficient supplies of the raw materials required for her expanding industries. The importation of such raw materials will therefore almost certainly be necessary for any extensive development of her industry, with the consequent need for additional exports to offset the cost of these items.

68. Generally India's raw materials and power resources are located where they are readily available to one or other, but not to both Hindustan and Pakistan, and therefore their distribution lends itself to a federated rather than a divided India.

Industry

69. The policy of the Indian Government for industry has been to develop public utilities sich as electric power, ordnance factories, railways and State instrumentalities with Government resources, whilst leaving iron, steel, chemicals, tools and motor cars to be developed with private capital.

/70. Her

70. Her heavy industries are seriously handicapped by lack of capital machinery which she can neither get from the U.K. - nor from the U.S.A. - in the numbers and of the type she needs. Development of light and medium industries, however, are being carefully planned. Here again, the full resources of raw materials of the country as a whole are taken into account in such planning. Her other great shortage is inadequacy of trained technicians.

71. As Indian industry is almost wholly located in Hindustan it is obvious that Pakistan must lag behind in industrial development even were iron and coal readily available to her to establish some basic heavy industry. Even so it is fairly claimed that she will be better off than before, for she will now ensure that industries are developed in her area whereas under unity all the industrial development has been concentrated in Hindustan.

72. The location of industry, raw materials and fuel in India suit either a unified Indian industry, or seperate partition industries which will co-operate fully on an integrated basis. They are most unsuitably placed for two seperate Partition industries which may, at least initially, tend to ignore the commercial advantages of close co-operation for mutual profit and benefit. Neither does the development, control, and distribution of hydro-electric power lend itself to national boundaries and dual control.

Communications

73. Postal and Telegraphic - The Postal and Telegraphic set-up in a vast sub-Continent such as India is enormous. It works today very efficiently as the laws are common to all parts of India except certain States which have their own postage.

74. The post-war development plan for posts and telegraphs involves a capital expenditure of some £29 million sterling. This covers a period of 15 years divided into three phases, each covering five years. The guiding principle has been the necessity for making all the Services, postal, telephone and telegraph, available for as large a part of the population as possible. Special consideration has been given to the rural areas which are expected to play an increasingly important part in the post-war India with its more balanced rural and urban economy.

75. Railways - The Indian Government Railways are by far the largest industrial concern under one management in the country. They employ over 900,000 workers of all grades, creed and class. They are almost completely nationalised. The existing system is working very efficiently which enables trade and travel within the country for all classes to proceed very smoothly. There are no "barriers" of any kind between any part or parts of India. A travellen or goods from the extreme North of India can be conveyed some 2,000 miles to the extreme South, over a variety of provinces and states with no trouble at all.

76. Communications in India are centrally controlled and for practical purposes are not affected by state boundaries.

77. The dangers which may arise from the division of the Central Government's controlling bodies between Pakistan and Hindustan lie mainly in the difficulty of this division, and the possibility of friction which may develop in the early stages owing to the duplication of control.

78. A partitioned India will be in almost a unique position on communication matters. Unlike other countries with one national boundary the various Indian states may have many, and a journey from one part of Hindustan to another might entail crossing national boundaries several times.

79. The difficulty of operating communications of this nature on anything but a "through" basis are apparent, and unified control

/will be

will be essential. How long this will take to achieve remains to be seen but if any sort of industrial development is to take place or the threat of famine to be met, early agreement will be essential.

Finance

80. The revenue receipts for the financial year 1946-47 for British India as a whole were approximately £250 million sterling.

81. The sterling balances on 31st January 1947 were £1,204 millions sterling. These represent by and large, the entire reserve of foreign exchange which India will have at its disposal in future years to purchase capital equipment required for development programmes. It is therefore of paramount importance that this asset should not be frittered away on luxuries, trifles or non-essential consumer goods in a manner which does not add to the real wealth of the country. The Central Government has refused the United Kingdom request to scale down these balances.

82. India is a member of the International Monetary Fund and the International Bank for Reconstruction and Development and no difficulty is foreseen in the transfer of this membership to the seperate Indian nations under Partition.

83. Partition may lead to each separate nation producing its own separate currency. This should raise only the minor currency problems common to all nations with land frontiers. Partition will necessitate the division of the financial assets and liabilities of the Central Government. These are the favourable Sterling Balanace of £1.204 millions on the one hand and the Rupee Debt of £230 millions on the other. A joint committee should be able to arrange a fair and acceptable division, but any disagreement might cause an intensification of animosity and endless quarrels between the two nations.

84. N.W. Pakistan will derive great wealth from the Indus Valley and, with a doorway to the world at Karachi, should pay its way, unless the burden of the cost of the defence of the N.W. Frontier proves unmanageable. N.E. Pakistan in its probable final form must be desperately poor and weak for some time, and will be largely dependent on N.W. Pakistan for its development until the benefits of new irrigation projects and the establishment of new industries improves its lot. Subject to the unknown problem of the cost of the N.W. Frontier defence, N.W. Pakistan will be well placed to give this assistance without undue detriment to its own financial position.

85. Should Pakistan remain within the Commonwealth as a Dominion (as is her stated intention), she will no doubt have access to financial aid for development from Empire countries; preferential aid which would not be available to Hindustan if, as is expected, she decides to remain outside the Empire.

86. Despite the location of the bulk of Indian industry in Hindustan her financial position is unlikely to be as favourable as that of Pakistan. She is not self-sufficient in food and must import food from Pakistan or from overseas. She will need foreign exchange to pay for capital goods and raw materials for her industries, as well as for the food, but, apparently, will forego "Dominion Status" and the favourable Empire money market. As Hindustan can export only limited quantities of hides, vegetable oils, textiles, tea, mica and manganese, it appears probable therefore that Hindustan, except for her share of the Indian Sterling Balance, cannot be happily placed financially until she can develop her industrial exports to assist in meeting the cost of her necessary overseas purchases. On the other hand, her finances will be improved to the extent that she will no longer bear her share of the cost of maintaining British forces in India.

/International Trade.

International Trade

87. The major conditions required to foster the development of India's overseas trade may be accepted as being:-

(a) The need for vast capital with which to build up her agriculture and develop her industry.

(b) Careful planning and organisation on the widest basis possible.

(c) Peace and political stability in which trade can flourish.

88. It is evident that Indian agriculture and industry cannot be developed greatly without large capital investment. This matter has been discussed in regard to Hindustan's financial problem, and except in degree, the same problem applies to India as a whole. India's pre-war export of linseed oil has largely lapsed owing to the growth of a local demand for this commodity. She has almost a world monopoly in jute and jute manufactures for which she will retain a world demand. This commodity together with her other exports are unlikely to increase her export trade at the rate necessary to provide the capital required for her agricultural and industrial development. Nor will the measure of relief which she gains from the removal of the obligation for payment of the cost of the British Army in India materially alter this position. India must therefore seek foreign loans to supplement the assistance which she can obtain as a member of the International Bank and the International Monetary Fund. As investment in loans to a United India would be more attractive than to the nations of a divided India, Partition does not favour the raising of the capital required.

89. In India the natural distribution of raw material, water, available for irrigation and for hydro-electric power is on a national basis and suits one economy rather than two or more. India's supply of able administrative personnel is limited and cannot possibly meet the double demands of Partition without a great loss in efficiency.

90. If we add to these considerations the great advantage of planning and organising on a national basis, it is evident that India is unlikely to obtain the most efficient economy in the near future.

91. The results of Partition on political tension are difficult to forecast; but it is at least doubtful whether India can retain her political stability in the near future without communal strife and so avoid the adverse repercussions which political disorders have on foreign trade.

92. Should India leave the Empire many essential economic ties which have existed between the Empire and India are likely to remain, even if in a somewhat different form. Such arrangements having the stamp of freely negotiated agreements between sovereign states will from the Indian point of view have a greater strength and a new respect which did not attach to them previously.

93. Economic needs require friends and forbid isolation. It is to be expected therefore that India particularly Hindustan, will tend to look to a wider field - especially the U.S.A. - for the supply of capital, capital goods and expert assistance, than she has done in the past.

94. To some degree India's overseas trade has had a sheltered existence within the Empire and the advantages of the measure of Empire Preference which this conferred. With the relinquishment of these advantages, India's tariff and overseas trade policy must be adjusted to meet her new position in international trade and

/co-operation

co-operation. As an offset to these disadvantages there is the long term probability that greater freedom in world trade will be to India's advantage by enabling her trade to develop into more natural channels.

95. Under these conditions it must be expected that the world will have greater opportunities for Indian trade and to some degree that these opportunities will be at the expense of the Commonwealth and particularly the U.K. Therefore the measure of priority which Empire countries enjoyed in India's trade, in items such as linseed and jute of which there is a world shortage, is likely to decrease to some extent, but probably it will not lapse entirely, since trade tends to follow the channels in which it has been accustomed to follow.

96. The major factor will probably be political unrest. Should this develop, as must be expected, it will adversely affect both the internal and external trade of India, and in this case the trade of the world, of the Commonwealth, and of India would suffer.

Conclusions on the effects of Partition

97. The division of India into separate sovereign states involves the division of a natural economic unity into separate areas with long land frontiers. This will probably lead to the introduction of different tariffs with the consequent need for large customs organisations. It will raise ~~many problems~~ over the division of natural resources such as water for irrigation and hydro-electric power, and while nationalist feeling remains high, may limit the expansion of industries to national boundaries. It will also raise a mass of detailed problems which must arise as a result of the de-limitation of the frontiers.

98. The disadvantages of division are great and are only partly offset by the good that will accrue from the freeing of Muslim economic development from the hold which the Hindu industrialists have at present.

99. Except for the measure of safety and the benefit to be derived from the economic emancipation of the Muslims, Partition has little to recommend it. Stability is a major requirement for commerce and the improvement of the living standards of any people. Partition with its host of minor problems may well increase communal feeling and trouble, at least in the early stages, and may usher in a long period of instability due to irredentism which may arise on both sides of any new frontier. These probable conditions together with the Balkanising effect of Partition do not enhance her economic prospects.

100. Should India though divided, decide to remain in the Empire she would derive many of the economic benefits which are hers by right at present. The various parts of India by continuing to deal and trade within the customary framework of the Empire, would find that their economic interests lay together rather than apart. If however India or part of it prefers to leave the Empire, and the trade and economic interests of the various parts develop in different directions, this co-ordinating advantage of similar Empire practice will not be present. In this case the interests of the various parts must become more divergent and therefore less easily capable of being reconciled into a united economy in the future.

THE SOCIAL OUTLOOK IN INDIA

101. Any estimate of the effects of Partition in India and the country's possible departure from the British Commonwealth upon its social structure must, be speculative, but some guidance can perhaps b be derived from a brief retrospect upon the social record of the British Government and the extent and nature of its legislation in t this sphere.

/102. Though

102. Though it has been said with perhaps some justification that the British record in India in social matters has been weaker than in other spheres, its achievements in the last 150 years have nevertheless been extensive. Despite the high standard of illiteracy, education has replaced a general stagnation and inertia with a restricted though vigorous intellectual vitality. Public health may leave much to be desired and the standard of infant mortality, for instance, is undoubtedly deplorably high compared with Western standards, yet the record of achievement of the campaigns against cholera, malaria, plague and small pox are impressive evidence of real progress and health standards are in any case infinitely higher than in other Asiatic countries. Lastly, though over 40 million people are still condemned to the Status of untouchable, they have at least been protected and given a certain political status in provincial assemblies by the impartial application of British law.

103. Will India, partitioned and free from direct British influence, continue or reverse this trend?

104. In considering this question, it is important to recall that British social legislation has largely been left as a matter of policy to initiative from Indians themselves, and that the British Government has carefully sought to avoid imposing alien ideas upon an unwilling population. In this they have been criticised for being unduly slow in the introduction of reforms, though this criticism tends to overlook the fact that the conception of government as an agency for large scale constructive planning is a modern one. Secondly, it is relevant that responsibility for social legislation has, since 1919, very largely been transferred from the Central Government to the Provinces and has thus long been exclusively in the hands of Indian ministers.

105. In these circumstances it would seem at first sight reasonable to suppose that Partition and severance from British rule would be unlikely to cause any substantial change in the social structure in India. The situation, however, during the majority of this period can be set against a political background very different from what it has since become. The assumption at that time was that Partition was an impracticable and inconceivable solution and that whether India remained under British rule or not there was no alternative to unitary Government.

106. In these conditions of a comparatively easy and sometimes fruitful co-operation between the Hindu and Moslem communities and in the absence for the most part of serious political tension, a certain measure of coalescence and mutual accommodation took place between them. In particular, a considerable number of scheduled class Hindus adopted the more democratic and equalitarian Moslem religion. In this process a considerable inter-change of social custom took place between the two communities, and it may be claimed that at least a beginning had been made towards a basis for enduring political co-operation between them.

107. In addition, the natural forces of increasing industrialisation, communication, and the prevalence of Western ideas had for some time tended to undermine the orthodoxy of the respective religions and had, in particular, contributed towards the gradual disintegration of the caste system.

108. While many of these forces are likely to continue operative in a greater or lesser degree, whatever the circumstances of Partition or external association, it is equally likely that at the outset the political problems of Partition will create an atmosphere of intensified nationalism and will tend to re-emphasis the natural antitheses between the two countries.

/109. However

109. However, the primary effect upon the social structure of India will, we believe, be caused indirectly through the political and economic consequences of Partition rather than on purely doctrinal or cultural grounds. Social services have always tended to vary in their effectiveness in proportion to the national prosperity and if Partition produces such a relaxation of political tension or intensification as to enhance the economic prosperity of the retrospective territories, there is no reason to think that the social services will not benefit proportionately.

110. As has been stated, reforms have hitherto largely been initiated by Indians themselves and there are important groups and societies working for further improvements as soon as the necessary funds are available to carry them out. An example is the Indian Society for the reform of the Hindu caste system. Likewise there have long been native movements for the abolition of child marriage and the Purdah system, and the former has, with a certain measure of effectiveness, recently been made illegal. Despite some temporary reaction in favour of the re-emphasis of these and other ancient traditions which may be produced by Partition and by a general spirit of nationalism, it can hardly be imagined that this can produce a permanently retrograde movement. Whether or not India decides in favour of leaving the British Commonwealth its Western associations will surely remain sufficiently strong to ensure, in many respects at least, a continued effectiveness to the social and cultural ideas familiarised by British rule.

111. It is, however, a possibility that in proportion as British influence is withdrawn liberal Western European ideas will tend to be replaced by a growing Communist influence for there appears in the present development of India to be some scope for the propagation of a materialist philosophy, a radical approach to the problems of industrialisation and the form of agriculture and an agnostic attitude towards rival religions.

112. It may be that in the sphere of education some basic and permanent reorientation of policy will take place. The British educational policy has been criticised for laying too much emphasis on literary rather than technical instruction, on higher rather than popular education and on teaching in the English language rather than in the vernacular. Indians feel that this policy was prompted, perhaps unconsciously by the requirements of British administration and overlooked the need for technically qualified personnel required in any industrial development of India. Improvement in the standard of public health will depend mainly upon the availability of further funds and to some extent upon the removal of certain social and religious taboos.

113. Re-emphasis upon the vernacular, rather than upon Western culture and ideas may result in some degree of literary and artistic renaissence in Hindustan and Pakistan. But it is hardly to be expected that this will go far unless accomplished by a considerable increase in economic prosperity, more schools, libraries and leisure.

114. Much of the poverty and backwardness in the rural life of India appears to be due to the primitive conditions of agriculture, which in turn are aggravated by the custom of equal inheritance leading to the progressive fragmentation of land. If this were more vigorously tackled by a government policy of consolidation, even by the more radical introduction of collective farming, great changes would take place in the health, wealth and social structure of India. Whether this is likely to be promoted or retarded by Partition it is difficult to say. It may be, for instance, that the economic disadvantages inevitable under Partition, could only be counteracted by some such radical policy in order at least to obtain the maximum produce from the soil.

/115. While

115. While the majority of the social services have for some time been in Indian hands, there are certain departments which it has been impracticable to transfer to the Provinces. These, however, are of minor importance and, if necessary with one exception, could without difficulty be undertaken by the respective Governments of Hindustan and Pakistan. This exception is the scheduled caste. It has naturally been a matter of considerable anxiety to the 40 million people in this category for whose protection the Central Government previously accepted responsibility, that their fate should now lie in the hands of a mainly Hindu Government which is likely to be reactionary and unsympathetic to any abolition of the caste system. For the time being, the Viceroy has undertaken to be personally responsible, so long as Hindustan remains within the British Commonwealth, for their continued protection. What may be their fate in the case of secession it is difficult to forecast. The apprehension of the scheduled class itself, does not suggest that democratic ideals are likely to be extended for their benefit.

116. Short of conflict, between Hindustan and Pakistan, it can be assumed that in a greater or less degree co-operation will take place between them on social matters of common interest, in order that the material advantages of unitary control and collaboration under the Central Government shall not be entirely lost. Examples of this would be the continuance of educational conferences, joint research clinics, consultation in the campaign against epidemics, agricultural policy and related matters without political or communal implications If at first the racial aggression is such that this measure of co-operation is abandoned we believe that the short-sightedness and material disadvantages of this course would, in course of time, becom apparent and that collaboration will eventually be restored.

117. Our conclusions, therefore, are briefly:-

(a) that the effect of Partition on the social structure of India is likely to be primarily indirect through its political and economic consequences;

(b) that unless these consequences are revolutionary the social impact of Partition is not likely to be momentous though some redirection of policy may take place in education;

(c) that the forces which have hitherto been responsible for social progress will largely continue to be present and operative, although

(d) some temporary reaction may take place, followed

(e) by an increasing measure of co-operation based on the practical necessities of survival in the modern world;

(f) that the social effect of India leaving the British Commonwealth, either wholly or in part, will be relatively small, but that British influence may to some extent be replaced by that of Communism.

/ Military Interests '....

MILITARY INTERESTS OF INDIA

118. India has no desire or reason to enlarge her territory and her military interests are therefore reduced to external defence and internal security.

External Defence

119. The external defence of India can be divided into 3 main heads:-

(a) Defence of the N.W. Frontier against possible aggression from Russia or Afghanistan and Persia under Russian pressure. It is conceivable, but highly improbable, that Afghanistan or Persia might invade India on their own with a view to setting up a 2nd Mogul Empire. It is also on this frontier that the Pathan tribes on the Indian side of the Afghan border have continuously raided the more peaceful inhabitants of the plains.

(b) Defence of the N.E. Frontier against possible aggression, in the distant future, from China but, in the immediate future, against Chinese infiltration. China still considers that Burma and Northern Assam are Chinese and frontier guards are, and will be, necessary to prevent large scale infiltration.

(c) Defence of the long coast line from Baluchistan to the Burmese border. It appears most improbable that any serious threat can develop from the sea as, with the collapse of Japan there is no power capable and desirous of attacking India by sea. In any case India should in fact always be able to count on the British fleet to maintain communications in the Indian Ocean, but similarly she should however be prepared to provide her share of ships in this area. Immediate coastal defence is therefore only a question of protection against piracy and smuggling.

120. It is clear that the major problem of external defence is the N.W. Frontier which is not only the frontier of India but is an international boundary of the first importance from the military standpoint to the Commonwealth and the World. There has always been the threat of the "Russian bogey" from this direction and the present world political set-up has certainly done nothing to reduce this threat.

Internal Security

121. The possibility of communal strife is ever-present in India and will probably continue for many years. In addition, therefore, to any forces that may exist for external defence it is necessary to maintain forces to keep law and order within the country when the situation has got beyond police control - which it frequently does. The only alternative is greatly to increase the strength and arms of the Police

/Commonwealth Military.....

Commonwealth Military Interests in India

122. From the military aspect the value of India to the Commonwealth lies in:-

(a) Indian armed forces - particularly for the Middle East area.

(b) Sea and air bases for Commonwealth routes.

(c) Air bases for striking Russian industry East of the Urals.

(d) War industrial potential.

Problem of one or two Armed Forces

123. If India should become federated there would be one armed force for the whole and the military problem would be simplified. In fact the present Indian Navy, Army and Air Force could continue on an entirely Indianised basis. However, with two or more independent sovereign states, the problem becomes more complicated. It can be assumed that the Indian States, whether independent or not, would have to reach some agreement over defence with either Hindustan or Pakistan and they are not considered further in this paper.

124. The problems facing Hindustan are as follows:-

(a) Defence of the N.E. Frontier - which, at present, is not a serious commitment.

(b) Security of the whole coastline except the Western and Eastern extremities.

(c) Maintenance of communications between Assam and the rest of Hindustan.

(d) Internal security.

(e) Defence against possible frontier clashes with Pakistan or independent states allied to Pakistan.

(f) Assistance to Pakistan if she should be attacked by an armed aggressor.

125. The problems facing Pakistan are as follows:-

(a) Defence of the N.W. Frontier which is a major commitment.

(b) Coastal patrols in the Karachi and Calcutta areas if Calcutta becomes part of Pakistan.

(c) Maintenance of communications between the Punjab and Western Bengal which is a most difficult problem if Hindustan is hostile.

(d) Internal security.

(e) Defence against tribal raids which may still occur though the supporters of Pakistan claim that, under Muslim rule, such raids will lapse.

(f) Defence against possible frontier clashes with Hindustan and in particular with the Sikh element.

/(g).....

(g) Assistance to Hindustan if she should be attacked by an external aggressor.

(h) If within the Commonwealth, provision of air bases for use in the event of war with Russia.

126. It will be seen that the Pakistan military problems are far greater than those facing Hindustan and call for a comparatively large and well-equipped Army and Air Force. On the other hand Hindustan, provided serious clashes with Pakistan are not envisaged, should only need a small army and air force but a larger navy.

127. Whereas Hindustan, economically, could probably support reasonable armed forces, it is certain that Pakistan cannot and will not be able to for many years. Therefore, with two separate armies, the situation for India as a whole would become most insecure as Pakistan, with its major military commitments, could not support the forces required. The logical, and theoretically possible, answer is that the two States should combine for external defence matters and maintain combined armed forces purely for this purpose. Internal security and other purely State matters could then be dealt with by larger and better armed police forces or by maintaining garrison units purely for internal defence or security problems. The pros and cons of such a course need no stressing. Above all it would provide a strong basis for friendship between the two States and the eventual unification of India. The main stumbling blocks might be suspicion, pride and lack of statesmanship of the party leaders which, through a clash of personalities might kill the scheme at birth. Apart from this, such a solution would present many difficulties such as respective shares of each State, command, proportion of war potential in each State, free movement of military personnel between States, equality of Pay and Pensions and conditions of service. However with good will and compromise all such difficulties can be overcome.

128. The alternative of two separate, weak and probably antagonistic armies cannot meet the military needs of India and might well lead to disaster.

Effects on India.

129. The military interests of India and the Commonwealth and the problem of one or two armies are now examined in relation to their possible effects on India and the Commonwealth under the various solutions of Federation or Independence.

Federation - Within the Commonwealth

130. From the military aspect this presupposes the creation of an Indian Federal Defence Force under unified direction and control and the withdrawal of all British forces from India.

131. The advantages of such a solution would be great. It would ensure that the problems of the defence of India would be viewed as a whole and co-ordinated with those of the rest of the Commonwealth through the existing methods of Commonwealth discussion and liaison. The Standardisation of organization, equipment and training of the Indian Defence Forces would follow Commonwealth trends and the liaison and co-operation between Indian Commanders and staffs within all the Dominions and Britain would be facilitated. No problems would arise over the employment of Gurkha forces from Nepal.

132. The Indian base, Empire Sea and Air routes and Air bases in N.W. India would be available in the interests of Empire strategic requirements in the event of war provided that India, like any other member of the Commonwealth, freely declared war on the side of the Commonwealth.

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133. The prestige of the Indian Armed Forces would be undiminished in the eyes of the Commonwealth and of the world and the code, the discipline and the example of the Indian forces would exert a unifying influence in Indian affairs.

134. On the withdrawal of all British forces and with the retention of membership within the Commonwealth it is likely that substantial economies could be achieved in the Defence forces budget.

135. It is realised that, for India, membership of the Commonwealth carries with it possible obligations in the event of war, particularly of overseas commitments. But, compared with the past, the decision would now rest entirely in the hands of the Indian Federal Government and, as a dominion government, they would be free to decide what part they would play.

136. For Britain and the other Dominions the liability to assist India in war would also remain a commitment.

137. In view of present world affairs the N.W. Frontier assumes an importance as great to each Commonwealth member as to India herself.

Federation - Outside the Commonwealth

138. In this event, India would gain complete freedom from British influence and retain the advantages of unity of her forces. However, secession from the Commonwealth would entail the loss, to both sides, of the many advantages bestowed by such a relationship. It would necessitate greater expenditure on armed forces, particularly for the Indian Navy and Air Force. The unbalance of India's armed forces and her low war potential would now, and for many years to come, seriously weaken the effectiveness of her forces. These disadvantages may well be offset by treaty alliances with other major powers but no other nation is so well placed to assist India as is the British Commonwealth. The Commonwealth would be faced with the loss of the Gurkhas due to the isolation of Nepal beyond a hostile India.

Two or more States.

139. The statement of 3 June, '47 has provided for a divided India with freedom for each or both of the successor authorities to elect Dominion status. The possibilities arising from this are that both states may be in or outside the Commonwealth or one only may be in.

140. In the event of both states being within the Commonwealth the setting up of an all Indian Defence force under central control as discussed in paragraph 126 above is possible.

141. As has been shown the importance of a unified Defence force is very great and outweighs the difficulties which would be met in attempting to solve the unique problem of providing common defence forces for two separate sovereign states.

142. If Pakistan and Hindustan each elect for separate armed forces the efficiency and prestige of such forces must diminish for a considerable period. In addition Defence force budgets would cut deeply into slender financial resources of both states. But the advantages of the Commonwealth link would still apply both to India and to the rest of the Empire.

143. India, outside the Commonwealth and divided, would lose all benefits of Empire Statehood and would suffer from the full weakness and dangers of military division.

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144. The final possibility introduces great difficulties both for India and for the Commonwealth. It appears that Pakistan is likely to accept Dominion Status whereas Hindustan may not. In such an event any question of a unified India Defence force would become remote because the constitutional difficulties so raised between an independ[illegible] Hindustan and the Dominion of Pakistan would preclude any practical achievement towards unity over Defence forces.

145. With divided forces the difficulties are less and the Dominion of Pakistan would reap the benefits of membership of the Commonwealth who, in her turn, would gain bases in Pakistan and be free to co-operate with the Pakistan forces.

146. But the conditions arising from such a situation could not but gravely jeopardise the relations between Pakistan and Hindustan and the British Commonwealth. The stated aim of Hindustan is to move towards a free and united India. The greatest advantages to India and to the British Commonwealth arise from a federated India within the Commonwealth. Any situation, therefore which savours of the Commonwealth playing one side of India off against the other would frustrate all these hopes.

CONCLUSION

147. It is evident that a federal Defence force of India within the Commonwealth would be the most advantageous solution from the military aspect.

148. Since federation of the States is not how possible and we are faced with a divided India there is still hope that Pakistan and Hindustan will freely elect Dominion Status.

149. Should this occur the way would still be open, in spite of the practical difficulties, for the setting up of an Indian Defence Force. Any such unification would be the first step to ultimate federal union.

150. Any division or separation in the military sphere, would be provocative, inefficient and expensive and would delay the cementing together of the Continent which is the ultimate wish of India as a whole and of the British Commonwealth.

FINAL CONCLUSIONS

151. India is at present in the throes of a rapid change and even the final form she may adopt can only be guessed. Her ultimate policies and the progress she makes in the political, economic, social and military spheres must therefore be very speculative. Moreover, India's future is dominated by two most important factors which are interwoven in all Indian affairs and profoundly affect every facet of her life, namely the Hindu-Muslim tension and the Anglophobe feeling of the political leaders.

152. The degree to which she can resolve the former will greatly influence all internal matters. For a successful settlement of Hindu-Muslim differences is essential for the ideal of a United India with all the benefits this would bring in greater prestige, economic efficiency, higher standards of life and a sound economical defence organisation. It is possible that time will eventually bring this about, or a famine or similar calamity force India into unity, but initially the rival demands appear to be irreconcilable. Although it is claimed that partition will do much to eradicate present tension there appears to be ample fuel for inflaming even greater animosity in the settlement of boundaries, political jealousies; financial and

/economic.....

economic agreements and devising a system for sharing the internal communications on which Indian life depends. It indeed seems probable that the tension will have to become very much worse before it is brought home to the masses that it leads only to chaos and that the key to greater prosperity and efficiency lies in agreement.

153. The relationships between India and the Commonwealth are conditioned by the present Anglophobe feeling, which to some extent also influences India's internal policies and her association with the rest of the world. In their fight for independence the present Indian leaders have become obsessed with their dislike for everything British and allow this to influence their policy even at the expense of the best interests of India and her peoples. Indeed they have so committed themselves in public statements that it is doubtful if they can ever change their coats sufficiently to co-operate to any great degree.

154. Although to a United India, Dominion Status within the Commonwealth would be of very real benefit from the Commonwealth point of view it might prove something of a mixed blessing. India would be the one Asiatic member and her rightful claim to all the priveleges conferred on members could raise difficulties over some matters, such as, for instance overseas settlement.

155. A divided India wholly or partly in the Commonwealth could only be an embarrassment. Although it would provide us with invaluable bases in any war with Russia, we should inevitably be drawn into her quarrels and indeed, probably be blamed as the cause of inciter of the differences. Moreover we should be obliged to help her considerably in the early stages of her nationhood, when she would be a heavy commitment; and yet know that the legacy of anti-British feeling might still persist and be the cause of an even wider schism once she was able to stand on her own feet.